Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
2018 Quadrennial Regulatory Review— Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 18-349

REPLY COMMENTS OF SARKES TARZIAN, INC.

Sarkes Tarzian, Inc. ("Sarkes Tarzian") files these reply comments in support of retaining the current FM radio ownership limits in connection with the Commission's review of its broadcast ownership rules in the 2018 Quadrennial Regulatory Review proceeding.[1]

Sarkes Tarzian is a relatively small, employee-controlled company that owns and operates three radio stations, WAJI(FM), WLDE(FM), and WGBJ(FM), and one FM translator, W258BY, in the Fort Wayne, Indiana, radio market (Radio Metro Rank 116); one radio station, WTTS(FM), Trafalgar, Indiana, that competes in the Indianapolis radio market (Radio Metro Rank 39); and one radio station, WGCL(AM), one FM translator, W241CD, and a construction permit for a second FM translator, W254DP, in the Bloomington, Indiana, radio market (Radio Metro Rank 231).[2] With broadcasting roots stretching back into the 1940s, including experimental high frequency

[1] *See* 2018 Quadrennial Regulatory Review—Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, *Notice of Proposed Rulemaking*, MB Docket No. 18-349, FCC 18-179 (rel. Dec. 13, 2018). Sarkes Tarzian takes no position with respect to the AM radio ownership limits.

[2] Sarkes Tarzian also owns two television stations, WRCB(TV), Chattanooga, Tennessee, and KTVN(TV), Reno, Nevada. However, Sarkes Tarzian submits these comments solely regarding the current FM radio ownership limits, with an emphasis on how further deregulation would negatively affect competition and communities, particularly in small radio markets ranked below 75.

AM broadcasts, Sarkes Tarzian today continues to provide important local programming and public interest services to its stations' listeners and their communities in both large and small radio markets. It is with an eye to these local listeners and their communities—and a desire to ensure the robust competition that will enable small broadcasters in both small and large market radio markets to offer differing viewpoints and a counterbalance of programming to that offered by larger broadcasters—that Sarkes Tarzian submits these reply comments in support of retaining the current FM radio ownership limits.

In particular, Sarkes Tarzian supports the comments filed by Urban One, Inc. and many others urging the Commission not to further deregulate the radio industry's FM ownership limits.[3] The current ownership limits are necessary in the public interest to maintain competition and localism in smaller markets such as Fort Wayne and Bloomington. The practical effect of loosening the current ownership limits, particularly in smaller markets, would be to encourage further ownership consolidation in markets that already struggle to support a diversity of operators. To further solidify majority control by increasing larger broadcasters' already greater competitive advantages would likely render it impossible for smaller operators to compete or to ever again gain a foothold in such markets.

Similarly, in larger markets, such as Indianapolis, allowing further consolidation will erode the ability of even small cluster broadcasters, let alone single stations, to compete. Sarkes Tarzian believes that small broadcasters, even in larger markets, bring a different sensibility to programming and community engagement than do larger broadcasters, and this diversity will be lost, and even greater homogenization will set in, when the big fish eat all the smaller ones. While Sarkes Tarzian recognizes that the Commission's focus is on competition, and not particular

[3] *See, e.g.*, *Comments of Urban One, Inc.*, MB Docket No. 18-349 (filed Apr. 29, 2019).

competitors, the Commission should nevertheless be aware that the end result of further consolidation will likely be the demise of the "mom-and-pop radio broadcaster," a uniquely American feature of the radio industry since its inception.

Although in recent years advertiser purchasing has diversified across different forms of media, radio buys are often still essential to an effective local marketing plan, particularly in smaller markets with fewer locally-based voices.[4] Further deregulating the radio ownership rules would permit one or two owners to own a majority of stations—and, therefore, likely control access to the vast majority of the listening audience in a given market. With that consolidation-derived power, one or two owners could effectively control market pricing and capture a disproportionate share of the limited available radio advertising revenue. With such market power, those owners could further weaken the already less-powerful local broadcasters through tactics designed to attract advertisers away from those smaller broadcast competitors, such as by "throwing in" coverage by the larger owner's less-popular stations to sweeten advertising buys. Indeed, lower-rated stations owned by large operators are already being used as tools to get 100% of the buy when possible.

If the Commission were to further deregulate the FM radio ownership rules, the Commission would be tacitly sanctioning such anti-competitive activity. The consequences, in turn, would make it difficult for smaller broadcasters to attract quality executives, managers, and talent, and ultimately erode support for a diversity of community organizations and views. Indeed, some of the larger broadcasting entities have already devoured smaller and less well-funded operators or have forced them to the brink of extinction. This has nothing to do with presenting a

[4] *See, e.g.*, *Communications Marketplace Report*, FCC 18-181 (rel. Dec. 26, 2018), at ¶ 126 fig. B-8 (radio capturing third-highest slice of local advertising revenue, with "Internet/Online" category ranked highest and television ranked second).

competitive product but everything to do with setting up an unfair playing field and removing the referees (the FCC's regulations). This affects not just the broadcasters themselves, but the communities they serve, through the loss of a distinctly local source of programming and important founts of local and diverse community service such as the provision of local news, weather, emergency information, and particularly community outreach. With a diversity of broadcast ownership comes a diversity of service to a wide variety of community interests and organizations. One of the Commission's stated goals is to protect that diversity; it should do so here by declining to further deregulate radio ownership.

Further, as the Commission well knows, there are a limited number of licenses available to radio operators and therefore each operator's sustainability and growth, and the corresponding marketplace of programming, are already subject to an inherent and very real limitation. To engage in continued expansion, large radio broadcasters currently must extend into new markets once they reach a market's ownership cap—a proposition that necessarily entails understanding the unique fabric of a new market community's distinct interests, concerns, and passions. By contrast, if the Commission loosens the current ownership limits to permit a large media conglomerate to expand broadcasting control to the majority of a single market's limited frequencies, the incentive to create more particularized local programming dissipates in favor of maximizing revenue potential across the conglomerate's full complement of stations. Industry employment numbers will continue to fall,[5] consumers' choices will shrink, localism will suffer, the lack of meaningful competition will

[5] There is no dispute that radio's employment numbers have long been faltering and localism is suffering as a result. For instance, between 2008 and 2017, "radio broadcasting lost about a fourth (27%) of its newsroom employees," second only to newspapers. Elizabeth Grieco, *Newsroom Employment Dropped Nearly a Quarter in Less Than 10 Years, With Greatest Decline at Newspapers*, Pew Research Center (July 30, 2018), https://www.pewresearch.org/fact-tank/2018/07/30/newsroom-employment-dropped-nearly-a-quarter-in-less-than-10-years-with-greatest-decline-at-newspapers/.

promote homogeneity and stave off the innovation that is desperately needed for radio to co-exist with other 21st-century forms of media and advertising, and, ultimately, the long-term viability of free over-the-air broadcast radio in small markets will be endangered.

Many of the comments in favor of greater deregulation focus on the fact that digital and online services and their corresponding advertising have irrevocably changed radio's competitive landscape. Sarkes Tarzian does not dispute that radio broadcasters face a new competitive reality. But radio broadcasters should be seeking to engage with and leverage newer entrants to the media and advertising market rather than attempting to create a false equivalency across distinct industries.[6] Although radio and newer digital and online formats do ultimately compete for the same consumers, so do radio and television. To argue that radio owners' revenues must be increased in an amount sufficient to compete with Google and Facebook is similar to arguing that large radio owners' revenues must be supplemented in an amount sufficient to compete with a summertime Hollywood blockbuster: it is simply the wrong approach for comparing competition between two distinct media. The Commission should not adopt such a limitless (and flawed) marketplace definition to justify further deregulating the current radio ownership limitations.

In 2019, the small, family- or employee-owned radio broadcaster still continues to engage with its audience and serve its community in a uniquely American way that is now nearly a century old. Its listeners are fiercely loyal. The fact is the current ownership caps do more to promote competition and localism than further deregulation will. The Commission should not jeopardize the delicate equilibrium that enables small radio owners to co-exist, and even to thrive, among the plethora of 21st-century media.

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[6] *See, e.g.*, Eric Rhoads, *Radio's Weak Dereg Argument* (Aug. 2, 2018) (discussing, among other pertinent issues, how radio can drive search results on Google), https://radioink.com/2018/08/02/radios-weak-argument-to-the-fcc-reveals-a-deeper-problem/.

CONCLUSION

Sarkes Tarzian appreciates the Commission's careful consideration of all viewpoints and data relating to the current radio ownership rules. For all of the reasons outlined above, as well as those set forth in the comments of Urban One, Inc. and many others, Sarkes Tarzian respectfully requests that the Commission retain the current FM radio ownership limits.

Respectfully submitted,

/s/ Tom Tarzian

Tom Tarzian, Chief Executive Officer
Valerie Carney, General Counsel
Sarkes Tarzian, Inc.
205 N. College Ave., Suite 800
Bloomington, IN 47404

Lee Tobin
Senior Vice President, Sarkes Tarzian, Inc.
General Manager, Fort Wayne Market
347 W. Berry Street, Suite 600
Fort Wayne, IN 46802

Brad Holtz
Vice President, Sarkes Tarzian, Inc.
General Manager, Bloomington and Indianapolis Markets
120 W. 7th Street, Suite 400
Bloomington, IN 47404

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